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SUBJECT: Ministerial Meeting on Turkmen- Afghan-Pakistan- India pipeline postponed

Classified by Anne W. Patterson for reasons 1.4(b) and (d)

¶1. (C) Summary: A Ministerial meeting to further discussions on the Turkmen- Afghan- Pakistan- India(TAPI) pipeline has been postponed. Pakistan media implies that Turkmenistan's gas deals with Russia are the reason for the delay and not Pakistan's state of emergency. Pakistan continues to seek US involvement in curbing Russian interference in regional energy discussions. End Summary.

¶2. (C) A Ministerial level meeting to discuss the proposed Turkmenistan-Afghanistan- Pakistan-India (TAPI) pipeline which was scheduled to take place in Islamabad on November 27 and 28 has been postponed. Pakistani officials are now working with the Asian Development Bank to reschedule the Ministerial meeting in December. Ministry of Petroleum officials inform Post that India did not plan to participate in this November Ministerial meeting but indicated that India is "taking more interest in this project than the other one." (Comment: The "other one" refers to the Iran-Pakistan-India pipeline.)

¶3. (C) Pakistani officials are not citing the current state of emergency as the reason for cancellation of the ministerial but rather are noting that Turkmenistan scheduled further talks with Russia's gas giant Gazprom for the same dates. Local media report that Gazprom has signed a new agreement with Turkmenistan for increased Europe-bound gas supplies, which would increase gas deliveries to about 50 billion cubic meters (BCM), and notes that Gazprom will pay 50 percent higher prices to Turkmenistan next year. Local media also report that such a revised agreement means that Turkmenistan would have little surplus gas available for export to the South Asian region.

¶4. (C) Comment: Pakistan is facing a massive energy shortfall and is looking at all available options to purchase additional energy and diversify supplies. At the September Strategic Dialogue discussions in Islamabad, and at subsequent Embassy meetings, GOP officials requested USG assistance to counteract "the Russian influence." GOP officials express frustration that the TAPI negotiations cannot move forward more quickly and that Russia interferes in Central Asia energy discussions. The TAPI pipeline's proposed 2012 completion date is unrealistic. Additional challenges to this project also include mitigation of the security risks in Afghanistan and Balochistan, improvement in India-Pakistan relations, and phasing out Pakistani fuel subsidies to ensure that this project is not a total

drain on the Pakistani treasury. End Comment.

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